Hawaii HealthQUEST: A Managed Care Demonstration Project

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Hawaii has been dubbed a leader in health care. In August 1994, Hawaii began a five-year demonstration project with federal backing—QUEST. The trial managed-care project was designed to provide quality care to public clients in a cost-effective manner. This study surveyed doctors in Hawaii to assess QUEST at the six-month mark. The survey showed that QUEST's early performance is short of meeting its goals. Further evaluation and accounting will be needed to determine if QUEST can represent the future of managed care.

It is readily apparent that the nation's health care system is in crisis. The nation spends one-seventh (14%) of its gross national product on health care, with a total cost approaching $1 trillion. Yet many consider the Medicaid system a national embarrassment and more than 30 million Americans are uninsured. Most of America's health care indices trail those of nations such as Japan, Canada, England, and Germany.[1]

Hawaii has been touted as *The Health State* by its latest administration and was cited by the Clintons as being a vanguard of health care.[2] Since the 1960s Hawaii has been attempting to reach universal access to medical care.[3] In January 1966 Hawaii became one of the first six states to implement a Medicaid program operated by the Department of Human Services. In 1974 Hawaii created its Prepaid Health Care Act (PPHCA) and became the only state to require employers to provide a package of health care benefits to employees. The employer is mandated to pay at least 50% of the cost and provide membership in either a fee-for-service plan or a health maintenance plan. Co-payments reduce overutilization and the system is administered without a large state bureaucracy. This has resulted in Hawaii's overall medical costs being lower than the rest of the nation.[4]

In 1993 Hawaii enacted the State Health Insurance Program (SHIP) to provide insurance to the *gap group*, those part-time workers or self-employed workers who could not afford insurance. The benefit package was slightly less comprehensive than that for Medicaid or general assistance clients and included more co-payments. SHIP enrolled about 2% of the state's population.

Hawaii officials considered that 98% of its citizens are covered under some health insurance program, leaving 20,000 to 30,000 uninsured, many being homeless people, runaways, recent immigrants, or moderate-income self-employed who choose not to buy insurance. Yet Hawaii is facing the same crises as the remainder of the nation. Costs are rising and significant health problems are not being addressed.[5-6]

In April 1993 the State of Hawaii Department of Human Services applied for federal assistance from the Health Care Financing Administration (HCFA) to create Hawaii HealthQUEST.[7] Hawaii proposed to develop a statewide demonstration project that would create a public purchasing pool to arrange for health care through fully capitated managed care plans. The QUEST acronym came from its project objectives: to focus on providing *quality* care, ensure *universal* access, encourage *efficient* utilization, *stabilize* costs, and *transform* the way health care is provided to public clients. The project was formulated during the Clinton administration when health care was being scrutinized and publicized, and the President endorsed the concept of managed competition for health care delivery.[8] QUEST hopes to show that it is possible to control health care costs and expand health care access by redefining government's role and more effectively using the private sector economic factor of competition.

Hawaii proposed to create a single pool of clients from Medicaid, General Assistance, and SHIP groups. The proposal anticipated a pool of 88,100 public clients. The federally assisted five-year demonstration would provide a standard benefits package designed to promote cost containment, encourage proper utilization of resources, and stress preventive care, while improving access. The benefits package would be fully capitated. The State would contract with different plans to provide care at a fixed monthly rate. An existing framework of plans (five) would create competition. The State anticipated that the private sector would be enthusiastic about participating in providing care. Each client would be able to select a single primary care provider, with the goal of creating a *seamless* health care program with equivalent quality of care for public and private patients.

Hawaii's proposal to HCFA suggested that its program could highlight certain proposed national health care policy implications. Hawaii suggested that this five-year funded project would answer questions about competition and the private sector, about means of ensuring quality care with universal access, and about the efficacy of a public purchasing pool. The QUEST program would also provide monitoring and evaluation research functions.

The Clinton administration accepted Hawaii's proposal and the program began in August 1994. The total federal contribution (50% of total program cost) was anticipated at about $600 million for the five years. The enrollment of clients began and the pool of 88,100 public clients quickly grew to greater than 130,000 by March 1995.[9]

The research attempted to determine some early indications as to whether QUEST was meeting its stated objectives. A survey was done on the experience with QUEST after six months of its inception. The State was not forthcoming with rosters of QUEST clients nor was it able to make available data on utilization, costs, or other indicators. The State also suggested the authors defer to

its own research, which is to be subcontracted to the Urban Institute and to be done at some unspecified time in the future.[10]

This survey focused on the experiences of the physicians asked to provide care to QUEST clients. According to Hawaii Medical Association President Frederick C. Holschuh, in 1995 Hawaii has approximately 3,500 licensed physicians of whom 1,787 belong to the HMA. Of these 1,787, many are inactive, some are government employees, or physicians-in-training, leaving a pool of just over 1,000 physicians. The survey resulted in the return of 382 usable completed questionnaires.

Survey Questions and Responses

1. *Do you participate in seeing QUEST patients?*—In a percentage similar to that for all physicians in the state, 285, or 74.6%, answered yes. A few qualified their answers: several accept QUEST patients only through being on-call to an emergency department. The participants can be contractually aligned with any of five plans; many are capitated through more than one plan (Aloha Care: 112; Hawaii Medical Services Association: 233; Kaiser: 17; Queen's: 141; Straub: 32).

2. *As defined by QUEST, are you a primary care provider or a specialist?*—Primary care providers numbered 148, specialists 205, and a few were listed in both categories. The QUEST system is designed to allow specialty care only through the referral by a primary care provider.

3. *Would you recommend that your colleagues participate in QUEST?*—This resulted in 125 yeses and 179 nos, a discouraging 41.1% affirmatives. One respondent answered yes with the reasoning that *the burden should be shared.*

4. *What percentage of your practice consists of QUEST patients?*—There was a bimodal curve with peaks for the 0 to 5% and 6% to 15% categories. The mean is 16.1% of the practice.

Percentage of QUEST Patients	Responses
0 to 5%	93
6% to 15%	93
16% to 25%	39
26% to 35%	23
36% to 45%	12
46% to 55%	12
56% to 65%	3
66% to 75%	4
76% to 85%	3
more than 86%	2

5. *Has QUEST increased patient access to health care?*—Only 31.3% of respondents said patient access had increased. A few positive anecdotes mentioned patients who were seen after years of neglected medical problems.

6. *Has QUEST improved preventive health care?*—A mere 21.5% said that preventive health care had improved. This is a long way from meeting one of QUEST's primary goals.

7. *Was assignment of QUEST patients fair?*—Only 38.6% responded yes. Many physicians had contracted to keep only their former DHS patients under the new QUEST designation, but were disappointed when they received the assignment lists to find unwanted new patients and missing former patients. Patients also experienced problems in being assigned to geographically remote physicians (even different islands) or having long patient-physician relationships broken. Additional problems arose for the federal-state sponsors of the project when loopholes were found that allowed enrollment to swell. College students dropped their health insurance, for which they had been paying, and enrolled in QUEST.[11] Some self-employed persons with expensive homes and cars were able to join QUEST because there were no asset considerations for eligibility and these persons could control their cashflow.

8. *Is extra staff time required because of the QUEST program?*—Positive answers numbered 86.6%. The number of extra hours per week was estimated, with a mean of 4.9 hours.

Extra Office Hours	Responses
0 to 5	106
6 to 10	34
11 to 15	7
16 to 20	5
More than 20	10

Reasons for extra staff time were also enumerated.

Extra Staff Time	Responses
Assess eligibility	182
Filling out forms	159
Getting preauthorization from the plans to refer or perform studies	218
Making referrals	140
Billing	96

Many physicians listed several reasons. This question also elicited many comments, some quite angry, about the time wasted on the telephone trying to deal with the plans.

9 to 10. *Have the physicians experienced any problems receiving or making QUEST patient referrals?*—Problems were incurred by 31.5% in receiving patient referrals, and 49.6% in making patient referrals. The latter problems are primarily because many specialists have elected not to take QUEST patients, limiting the pool of accepting specialists.

11. *Are you happy with the turnaround time for reimbursement for QUEST patients?*—Only 33.0% were satisfied. Many mentioned the uneven performance by the five different plans. Others cited the time wasted in pursuing payment from the plans.

12. *Is the reimbursement fair?*—Only 23.5% agreed that reimbursement was fair. Several noted that reimbursement was no worse than former Medicaid payments, but that, too, had been unfair. One physician pointed out that at least there was room for improvement because of capitation, if costs could be controlled.

13. *Is the QUEST program a hassle or nuisance for your practice?*—An overwhelming 81.7% said this was true. Many commented on the reasons previously discussed in question 8. Others generalized about QUEST patients being noncompliant, and often being patients who lead chaotic, stressful lives.

Hawaii's state administration is considering expanding QUEST. One plan is popularly known as QUEST II, or Son-of-QUEST, and would include the aged, blind, and disabled, most of whom currently are covered by Medicare.

14. *Do you think it is a good idea to expand the QUEST program (Phase 2) to include the aged, blind, and disabled?*—Of the respondents, 15.2% noted it was a good idea. Several strongly said that it would be a big mistake, especially without review of Phase I.

Consideration is also being given to QUEST III, or Grandson-of-QUEST. This would allow public employees, retirees, and the private sector to enroll in QUEST.

15. *Should QUEST be expanded, as the Governor has sug-*

gested, to include public employees, retirees, and the private sector?—Only 6.3% of responding physicians agreed. A couple did say yes, with the stipulation that the Governor be the first to enroll. Many added strong negative comments to this question.

16. The final question asked: *Have your patients experienced any bad outcomes as a result of being enrolled in QUEST?*—Of the respondents, 30.7% did have patients who experienced bad outcomes. Most of these cited delays in treatment. Some patients ran out of medicines for their chronic conditions because of disruption of long-term relationships with their physicians. Others described the futility of trying to refer patients for mental health care. One physician described a patient who became pregnant after having difficulty getting into the QUEST system and running out of birth control pills.

This study admittedly is a convenience survey of only one portion of the health care system being tested in Hawaii. It also looks at QUEST after only six months, when many bugs are still to be eliminated. The results are eye-opening to the difficulties in attempting to create the nation's first *seamless* health insurance system. Physicians recognize the burdens imposed on their practices and are unlikely to say QUEST is improving efficiency of acute care or increasing preventive care.

QUEST is a major attempt at governmental health care. It is a managed care system attempting to impose cost controls from the payer's perspective. Obviously it is financially impossible for any society to provide unlimited health care for its entire populace. The income stream is finite and there needs to be a switch from increased utilization of medical resources to decreasing the demand for services. Hawaii's physicians would be delighted if QUEST were a successful experiment, rather than just a new state entitlement that grows with time. Those interested in the QUEST experiment need to be given further information. Are the objectives of QUEST being met? There needs to be further outcome studies with full disclosure of financial implications of the experiment. Physicians need input to any development of or changes in QUEST. If QUEST is to be a model for the nation's health care system, it must be thoroughly analyzed and critiqued.

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